

## 2003-05 DRAFT HECB BUDGET REQUEST

July 2002

### BACKGROUND

The Higher Education Coordinating Board (HECB) is a nine-member citizen board, directed in statute “...to represent the broad public interest above the individual interests of the institutions” [RCW 28B.80.320]. The HECB administers all state-funded financial aid so that grants and work study – state and federal – may be coordinated to provide the best possible service to students and ensure the best use of state resources. The Board also provides policy, regulatory, and fiscal recommendations at the request of the Legislature and Governor.

More than one-half of the agency’s 75-FTE workforce is dedicated to administering a statewide program of comprehensive student financial aid. About 14 staff members perform policy development and fiscal analysis for the Legislature and Governor. Other staff provide (1) the Guaranteed Education Tuition (GET) program, a self-sustaining program with no general state support; (2) direct student services (e.g., Displaced Homemaker and GEAR UP programs); (3) “consumer protection” services (e.g., Degree Authorization Act and VA State Approving Agency); and (4) agency support (e.g., personnel and information technology support).

The current spending authority for the HECB (2001-03, state general fund) is \$264 million; 98 percent of that appropriation is earmarked for student aid/ direct services. Presently, the calculated HECB current level of service “carried forward” into the next biennium is about \$271 million. Proposed enhancements for the 2003-05 biennium total \$36 million. Sixty percent of the increase – about \$22 million – is in student aid/direct services enhancements. Not quantified in this request is the amount necessary to cover 2003-05 tuition increases. Of the remaining enhancement, \$10 million is for high-demand enrollments. The requested growth for administrative and operating costs in the agency’s policy and coordination section is one percent.

OFM performs the first review of agency budget requests, and has directed state agencies to submit budget requests by September 6, 2002. Following are the proposed HECB budget “decision packages” for the 2003-05 biennial budget period. These proposals reflect discussion and preliminary decisions of the Board’s Financial Aid Committee, which met by teleconference on June 26 as well as the Board’s Executive Committee, which met on July 1. The Executive Committee adopted a motion to recommend to the full board the following 2003-05 biennial budget requests.

**BOARD ACTION REQUESTED**

The Board is requested to adopt the following draft 2003-05 budget request. With the adoption by the full Board, these proposals will be refined and drafted to accommodate OFM submittal requirements by September 6.

**HECB 2003-05 BUDGET REQUEST****Financial Aid Programs**

Dollars  
in Millions

**State Need Grant (SNG) \$11.8**

Requests funds to serve students from families with incomes up to 55 percent of the state's median family income and restore the gap between tuition and the grant for all students to the 2001-02 level. This change would affect about 55,000 students.

Additionally, the Board requests funds to cover tuition increases in 2004 and 2005 on a dollar-for-dollar basis.

**State Work Study (SWS) \$.6**

Increases in college costs and increased wage rates in recent years have eroded the number of students that can be served within current appropriation levels for the State Work Study program. This request would maintain the current level of service per student and maintain service to the same number of students as in 2002-03.

Additionally, the Board requests funds to cover tuition increases in 2004 and 2005 on a dollar-for-dollar basis.

**Promise Scholarship \$6.6**

Requests funding to restore the award amount to 81 percent (2001-02 level) of community college tuition and fees for approximately 6,600 students.

Additionally, the Board requests funds to cover tuition increases in 2004 and 2005 on a dollar-for-dollar basis.

**Washington Scholars \$1.06**

The Board seeks to restore the award to the full value of tuition and fees to 87 percent (2001-02 level) at public institutions for approximately 450 students.

Additionally, the Board requests funds to cover tuition increases in 2004 and 2005 on a dollar-for-dollar basis.

**Washington Award for Vocational Excellence (WAVE) \$ .9**

The Workforce Training and Education Coordinating Board administers this program and HECB serves as the fiscal agent. This request is to restore award values to 100 percent of the authorized amount.

Additionally, the Board requests funds to cover tuition increases in 2004 and 2005 on a dollar-for-dollar basis.

**Health Professional Loan Repayment and Scholarship Program \$1.0**

This request is to enhance total program funding by \$1 million (currently \$2.6 million) to extend offers to an additional 20 applicants in the areas of primary care and oral health in the Loan Repayment program.

**WICHE \$.052**

This request covers increases in dues and an increase in support fees charged by WICHE for participation in the Professional Student Exchange Program. This request maintains service to the same number of students in the Professional Student Exchange Program (25 students).

**Planning and Coordination Programs****High-Demand Enrollments \$10.1**

This request is for \$10.1 million to support a restoration and expansion of the competitive high-demand enrollment grant process that was funded in 1999-01. These competitive grants, which require a match of local funds, are envisioned as a complement to enrollment funding that is included directly in institution budgets. Enrollments funded through this program will be directly responsive to meeting the economic development needs of the state by providing the highly skilled, high-demand graduates that business currently needs. Funds that are awarded to public institutions through this grant program would be included in future base budgets of those institutions so the high demand programs could continue into the future. The Board should consider: (1) proposing to expand eligibility to proposals that create or expand baccalaureate programs in applied and vocational fields, and (2) proposing to expand eligibility for the grants to include partnerships between public institutions and partnerships between public and private institutions (with the public institution as the lead).

**Information Technology Grants \$2.0**

These competitive matching grants were last funded in the 1999-01 state operating budget for \$2 million. This request asks for the grant program to be reinstated. This program is a complement to the high demand enrollment funding requested above by providing the necessary start-up funding for expensive information technology programs. The state budgeting system generally makes no provision for the start-up costs of implementing or expanding instructional programs, making it very difficult for institutions to initiate them. The funding to be provided through these grants is envisioned as one-time funding, and would likely be used for curriculum development, equipment and software acquisition, and recruitment of the highly-sought-after

faculty and staff necessary to implement or expand information technology programs. Grants would be awarded on a competitive basis and would require a match from institution or private funds.

**Improving Student Transfer and Articulation – The Course Applicability System** **\$ .5**

This proposal is an information technology initiative. The Course Applicability System (CAS) will permit community college students to immediately see how the courses they have taken (or, plan to take) will count toward their major and degree at any of our state's public universities and colleges.

**Enhance Financial Aid Delivery System** **\$1.225**

The HECB is committed to ensuring student financial aid is delivered fairly, efficiently and according to the legislated intent for each financial aid program we administer. In most cases, the HECB can best serve students by serving those who ultimately deliver funds to students. The higher education institutions that administer aid and businesses that employ students are currently struggling under the combined effects of increasing costs, a sluggish economy, increased demand for their services and, for public institutions and state agency employers, reduced support from the state. By improving the HECB's delivery of student financial aid, the agency can allow these institutions and businesses to gain efficiencies and ultimately better serve students.

These improvements will also allow the HECB to be responsive to requests from legislators, policy makers and other interested parties. By integrating data on all the programs it administers, the HECB will be able to respond more quickly and accurately to these requests. In addition, the HECB will gain efficiencies in performing program reviews, evaluations and developing other reports specifically mandated by statute.

# HIGHER EDUCATION COORDINATING BOARD

Requested 2003-05 Operating Budget Level

State General Fund

Dollars in Millions

Financial Aid Programs:	Expenditure Authority 2001-03	Carry Forward Adjustment	Carry Forward Level 2003-05	Proposed Enhancements 2003-05	2003-05 Requested Budget Level	Percent Change Over 2001-03
<b>Policy Enhancements:</b>						
State Need Grant	195.479	8.748	204.227	11.799 *	216.026	
State Work Study	33.700	1.020	34.720	0.600 *	35.320	
Promise Scholarships	14.550	(1.950)	12.600	6.600 *	19.200	
Washington Scholars	2.669	0.187	2.856	1.056 *	3.912	
WA Award for Vocational Excellence	1.177	0.001	1.178	0.896 *	2.074	
Health Professions	2.501	(0.221)	2.280	1.000	3.280	
WICHE	0.474	0.006	0.480	0.052	0.532	
Educational Opportunity Grant	5.840		5.840	-	5.840	
Future Teachers Scholarships	1.000	(1.000)	-	-	-	
Community Scholarship Matching Grants	0.502		0.502	-	0.502	
Child Care Grants	0.150		0.150	-	0.150	
College Assist. Migrant Program Grants	0.050		0.050	-	0.050	
Displaced Homemaker Program	1.063		1.063	-	1.063	
NonProvisoed (Prior biennia COLA, Insurance, Pension)	0.370		0.370		0.370	
COLA, Insurance, Pension - Current Biennium	-	0.109	0.109		0.109	
<b>Subtotal Financial Aid</b>	<b>\$259.525</b>		<b>\$266.425</b>	<b>\$22.003</b>	<b>\$288.428</b>	<b>11.1%</b>
<b>Planning &amp; Coordination:</b>						
<b>Policy Enhancements:</b>						
High-Demand Enrollments	-		-	10.100	10.100	
Information Technology Grants	-		-	2.000	2.000	
Improving Student Transfer/Articulation	-		-	0.500	0.500	
Enhance Financial Aid Delivery System	-		-	1.225	1.225	
Administration & Operating Costs	3.983	(0.120)	3.863	-	3.863	
COLA, Insurance, Pension - Current Biennium		0.162	0.162	-	0.162	
Subtotal Administration & Operating Costs	3.983	0.042	4.025	-	4.025	1.1%
Teacher Training Pilot	0.300		0.300	-	0.300	
Jefferson County Demonstration Project	0.350		0.350	-	0.350	
<b>Subtotal Planning &amp; Coordination</b>	<b>\$4.633</b>		<b>\$4.675</b>	<b>\$13.825</b>	<b>\$18.500</b>	<b>299.3%</b>
<b>Totals</b>	<b>\$264.158</b>		<b>\$271.100</b>	<b>\$35.828</b>	<b>\$306.928</b>	<b>16.2%</b>

Note: \* Also requesting dollar for dollar coverage of 2003-05 tuition increases.

## Preliminary Outlook 2003-05 Biennium

June 2002

### 2001-03 Biennium

- Operating Budget Appropriations \$22.451 Billion
- Revenues Available \$22.849 Billion  
(Including all reserves and “additional resources”)
- Remaining Reserves \$398 Million  
(Including General Fund and Emergency Reserve Fund)

There will continue to be a revenue problem in the 2003-05 Biennium.

### 2003-05 Biennium

- Potential GF-S Spending \$24.225 Billion
- GF-S Revenues and Reserves \$23.363 Billion
- Potential Deficit (\$862 Million)

Sources: Office of the Forecast Council, June 2002; Office of Financial Management, April 2, 2002.

HECB, June 24, 2002

**RESOLUTION NO. 02-23**

WHEREAS, The Higher Education Coordinating Board (HECB) is a nine-member citizen board, directed in statute “...*to represent the broad public interest above the individual interests of the institutions*” [RCW 28B.80.320]; and

WHEREAS, The Higher Education Coordinating Board administers all state-funded financial aid so that loans, grants, and work – state and federal – may be coordinated to provide the best possible service to students and make best use of state resources; and

WHEREAS, The Board also provides policy, regulatory, and fiscal recommendations at the request of the Legislature and Governor; and

WHEREAS, The Board is mindful of the fiscal constraints of the next biennium and must set forth critical needs of the programs it administers to the Governor and the Legislature; and

WHEREAS, The budget request reflects the comments and decisions of the Board’s Financial Aid and Executive Committees; and

WHEREAS, The Office of Financial Management (OFM) has directed public agencies to submit budget requests for the 2003-05 biennium by September 6, 2002;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approved the biennial budget request presented to the Board on July 31, 2002, and directs staff to refine and redraft the request to accommodate OFM submittal requirements by September 6, 2002.

Adopted:

July 31, 2002

Attest:

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Bob Craves, Chair

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Pat Stanford, Secretary